

M/053/005

**FILED**

MAY 18 1998

SECRETARY, BOARD OF  
OIL, GAS & MININGBEFORE THE BOARD OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH

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IN THE MATTER OF AN  
EMERGENCY ORDER ISSUED BY  
THE DIRECTOR OF THE DIVISION OF  
OIL, GAS AND MINING CONCERNING  
THE GOLDSTRIKE MINE, M/053/005,  
WASHINGTON COUNTY, UTAH.STIPULATION, MOTION AND  
ORDER.Docket No. 98-010  
Cause No. M/053/005

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In the above captioned matter, the Director of the Division of Oil, Gas and Mining issued an Emergency Order directing the operators of the Goldstrike Mine to immediately provide assurances of USMX of Utah Inc.'s ("USMX") ability to conduct safe operations and begin necessary reclamation of the Goldstrike Mine site which is located in portions of Sections 16, 17, 19, 20, 21 and 30, Township 39 South, Range 18 West, and a portion of Section 25, Township 39 South, Range 19 West, Salt Lake Base Meridian ("SLBM"), Washington County, Utah. USMX has been unable to satisfactorily respond to this Emergency Order. For the purposes of preventing a time consuming and unnecessary litigation in this matter, the Division of Oil, Gas and Mining and USMX enter into the following Stipulation, Motion and Order.

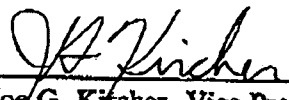
**STIPULATION**

The Division and USMX HEREBY STIPULATE AND AGREE TO THE FOLLOWING  
ORDER:

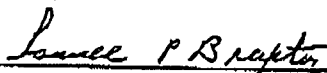
1. USMX and the Division agree to comply with the certain settlement agreement ("Exhibit A").
2. Nothing in this Stipulation or the certain settlement agreement shall be construed as releasing USMX from any statutory or regulatory requirement created by the Utah Mined Land Reclamation Act or any other applicable law.
3. Each party will bear its own costs and attorneys' fees in this action.
4. For all purposes, a party's signature in a faxed copy of this stipulation shall be deemed the equivalent of a signed original.

AGREED TO this 15<sup>th</sup> day of May 1998.

USMX OF UTAH, INC

  
BY: Joe G. Kircher, Vice President, Operations

DIVISION OF OIL, GAS AND MINING

 5/15/98  
BY: Lowell P. Braxton, Acting Director

#### MOTION

The Division of Oil, Gas & Mining and USMX request that the Board issue an Order consistent with the above Stipulation.

**FILED**

**ORDER**

MAY 1 8 1998

SECRETARY, BOARD OF  
OIL, GAS & MINING

Having read the STIPULATION, MOTION AND ORDER submitted by the Division of Oil, Gas and Mining ("Division") and USMX of Utah Inc., in the above-referenced matter, for good cause, the Utah Board of Oil, Gas and Mining hereby grants the Motion based on the foregoing Stipulation and adopts the Stipulation as a Board Order.

GRANTED this 18th day of May, 1998.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

  
Dave D. Lauriski, Chairman

## CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the within and foregoing STIPULATION, MOTION AND ORDER regarding Goldstrike Mine to be mailed by first-class mail, postage prepaid, this 26<sup>th</sup> day of May, 1998, to the following:

Doug D. Jensen  
Environmental Coordinator  
USMX of Utah, Inc.  
P.O. Box 2650  
St. George, Utah 84771


Joe G. Kircher  
Vice President, Operations  
USMX of Utah, Inc.  
1560 Broadway, Suite 880  
Denver, Colorado 80202

U.S. Bureau of Land Management  
Dixie Resource Area  
345 East Riverside Drive  
St. George, Utah 84770

Bull Valley LLC  
c/o Robert G. Pruitt, Jr.  
Pruitt, Gushee & Bachtell  
Suite 1850 Beneficial Life Tower  
Salt Lake City, Utah 84111-1495

Mary Ann Wright  
Associate Director, Mining  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
(Hand Delivered)

Daniel G. Moquin, Esq.  
Assistant Attorney General  
1594 West North Temple, Suite 300  
P.O. Box 140855  
Salt Lake City, UT 84114-0855  
(Hand Delivered)

  
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M/053/005  
5/18/98

EXHIBIT A

SETTLEMENT AGREEMENT BETWEEN  
UTAH DIVISION OF OIL, GAS & MINING AND USMX OF UTAH, INC.

**STATEMENT OF FACTS:**

USMX of Utah, Inc., (USMX) is the owner and operator of the Goldstrike Mine (Site) located in Washington County, Utah.

It is the mutual objective of the Utah Division of Oil, Gas & Mining (UDOGM), the U.S. Department of the Interior, Bureau of Land Management (BLM) and USMX to successfully reclaim the Site in a timely and cost effective manner.

A reclamation and closure plan for the Site has been designed and submitted by USMX and its consultants for approval by UDOGM and the BLM.

USMX has a detailed understanding of the Site, a thorough knowledge of the requirements for closure, and an experienced management team to carry out the plan.

USMX is financially unable at this time to execute the approved reclamation plan on its own.

USMX has posted cash performance bonds of approximately \$1,014,000 pledged to insure Site reclamation.

**TERMS OF SETTLEMENT:**

USMX agrees to voluntarily surrender all its cash reclamation bonds and its letters of credit to UDOGM.

UDOGM agrees to use the funds from the cash reclamation bonds and its letters of credit to reclaim the Site.

Pursuant to the terms and conditions of the existing joint agency Memorandum of Understanding between UDOGM and the BLM, UDOGM will act as the lead agent in coordinating and managing the forfeited reclamation sureties for this project.

USMX will continue to provide management and oversight, in the capacity as a vendor to UDOGM, responsible for completing the reclamation of the Site in 1998 according to the closure plan.

The budget and schedule (attached as Appendices A-1 and A-2) will be the basis for billings and tracking progress. It is understood that the exact timing of expenditures and tasks may vary depending on when work commences, weather and contractor billing practices.

USMX will provide invoices with supporting documentation to UDOGM on a bi-weekly basis.

UDOGM will make payment to USMX no later than thirty days following receipt of invoices.

UDOGM will appoint a representative who will be consulted by USMX regarding any material decisions or modifications effecting the budget, schedule or closure plan.

USMX will provide written bi-weekly progress reports to UDOGM's designated representative.

UDOGM has the right at its sole discretion to discharge USMX at any time, with two weeks notice and settlement of all outstanding invoices.

If any monies remain from the bond after post closure they would be returned to USMX.

The effective date of this settlement is May 18, 1998.

Agreed to this 15<sup>th</sup> day of May, 1998.

J. G. Kircher  
Joe G. Kircher, Vice President of Operations  
USMX of Utah, Inc.  
Tax payer ID #: 76-02-6362-2

STATE OF Colorado )  
COUNTY OF Adams )

On the 15<sup>th</sup> day of May, 1998, personally appeared before me J. G. Kircher, who being by me duly sworn did say that he, the said J. G. Kircher is the Vice President of Operations of USMX of Utah, Inc. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said J. G. Kircher duly acknowledged to me that said company executed the same.

Kayron L. McCoy  
Notary Public  
Residing at: Westminster Co.

Sept. 23, 1998  
My Commission Expires:

KAYRON MCCOY  
Notary Public, State of Colorado  
County of Adams  
My Commission Expires Sept. 23, 1998

Agreed to this 15 day of May, 1998.

Lowell P. Braxton  
Lowell P. Braxton, Acting Director  
Utah Division of Oil, Gas and Mining

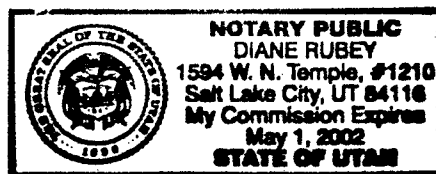
STATE OF Utah )  
COUNTY OF Salt Lake )

On the 15 day of May, 1998, personally  
appeared before me Lowell P. Braxton, who being by me duly sworn did  
say that he, the said Lowell P. Braxton is the Acting Director  
of Division of Oil, Gas and Mining and duly acknowledged  
that said instrument was signed on behalf of said company by authority of its bylaws or a  
resolution of its board of directors and said Lowell P. Braxton  
duly acknowledged to me that said company executed the same.

Diane Rubey  
Notary Public

Residing at: Salt Lake City

May 1, 2002  
My Commission Expires:



APPENDIX A-1

GOLDSTRIKE MINE - 1998 Reclamation/Closure Budget

*JS*  
6/15/98

Description	May	June	July	August	September	October	November	December	Totals
Freight/Postage	\$ 50	\$ 100	\$ 100	\$ 200	\$ 100				\$ 550
Corporate G&A	2,000	4,000	4,000	4,000	4,000				\$ 18,000
Wages Admin	5,600	11,200	11,200	11,200	11,200	11,200	4,600	1,500	\$ 67,700
Completion Incentive	-	-	-	-	-	45,000	-	-	\$ 45,000
Supplies	200	400	400	400	400	400			\$ 2,200
Vehicle Maintenance	750	1,500	1,500	1,500	1,500				\$ 6,750
Communications	250	500	500	500					\$ 1,750
General Insurance	250	500	500	500	500	500			\$ 2,750
Travel Expense	1,250	1,250	1,250	1,250	1,250	1,250	1,250	250	\$ 9,000
Property Tax									\$ -
Environmental Tests	1,250	2,500	2,500	2,500	2,500	2,500	2,500	2,000	\$ 18,250
Safety Supplies	50	100	100	100	100				\$ 450
Out/Services	50	100	100	100	100				\$ 450
Temps	1,500	6,500	6,500	6,500	6,500				\$ 27,500
Diesel	1,500	2,000	2,000	2,000	2,000	2,000	1,000		\$ 12,500
Plant Decomm				10,000	10,000				\$ 20,000
Pad 1 Rip			20,000						\$ 20,000
Pad 2 Shape		100,000	110,000	70,000					\$ 280,000
Infiltration Gallery		10,000							\$ 10,000
Pad 2 Topsoil				40,000	70,000				\$ 110,000
Ponds Decomm			1,000	10,000	10,000				\$ 21,000
Canyon/Beaver						8,000		-	\$ 8,000
Padre Road					5,000				\$ 5,000
Plant/Pad Ripping					12,000				\$ 12,000
Pad 2/Plant Revegetation						40,000	10,000		\$ 50,000
Force Acct.			8,000	8,000	8,000	8,000			\$ 32,000
Dozer Misc.					15,000	15,000			\$ 30,000
Drill Roads						49,000			\$ 49,000
Noi/JBR Consultants		10,000		5,000		10,000			\$ 25,000
Security		2,000	2,000	2,000					\$ 6,000
Equipment Storage	200	400	400	400	400	400	400		\$ 2,600
Dump 1 Revegetation			15,000						\$ 15,000
Contingency		4,000	15,000	15,000	15,000	15,000			\$ 64,000
Totals	\$ 14,900	\$ 157,050	\$ 202,050	\$ 191,150	\$ 175,550	\$ 208,250	\$ 19,750	\$ 3,750	\$ 972,450



# GOLDSTRIKE PROJECT TIME LINE

## APPENDIX A-2

